

Message Text

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ACTION NEA-12

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FM AMEMBASSY KUWAIT

TO SECSTATE WASHDC IMMEDIATE 8568

INFO AMEMBASSY BEIRUT

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FROM QUINLAN MUSCAT

E.O. 11652: N/A

TAGS; ET

PRO EAID

SUBJECT: PANAM AIRPORT CONTRACT

REF: KUWAIT 3798

SUMMARY: TRAINING REQUESTED FOR UP TO THREE OMANI AIR TRAFFIC CONTROLLERS AND THREE WEATHER FORECASTERS FOR SERVICE AT SEEB INTERNATIONAL AIRPORT. NEGOTIATIONS BETWEEN PANAM AND MINCOMMUNICATIONS NOW APPEAR TO HINGE ON THIS TRAINING FEATURE AND WE CONSIDER PANAM CONTRACT OFFERS VERY LARGE POTENTIAL FOR FUTURE AMERICAN SALES HERE AND ELSEWHERE IN GULF. END SUMMARY.

1. EMBASSY REQUESTS DEPARTMENT'S ASSISTANCE IN OFFERING TRAINING FOR UP TO THREE OMANIS LBR AIR TRAFFIC CONTROL IN FAA ACADEMY, OKLAHOMA CITY AND UP TO THREE OMANIS IN US NAVY FORECASTING SCHOOL, TECHNICAL TRAINING CENTER, LAKEHURST, N.J. REQUEST INCLUDES TUITION AND AS MUCH SUBSISTENCE AND TRANSPORTATION

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ASSISTANCE AS POSSIBLE. WASHINGTON CONTACT FOR FAA COURSE IS

MR. MACEDA, OFFICE OF INTERNATIONAL AFFAIRS FAA, PHONE 426-3175.
MACEDA HAS IMPLIED TO PANAM THAT TUITION CAN BE WAIVED IF
NEEDED, AS IT WAS IN SIMILAR CASE IN YEMEN.

2. MINCOMMUNICATIONS RAJAB CALLED IN EMBOFF MCELDFOWNEY ON
FRIDAY TO ASK EMBASSY TAKE UP TEN POINTS OF DIFFERENCE SEPARATING
PANAM AND OMAN GOVERNMENT ON SEEB AIRPORT COMMUNICATIONS,
MAINTENANCE AND SERVICE CONTRACT, UNDER NEGOTIATION SINCE SEPTEMBER.
AFTER MCELDFOWNEY'S DISCUSSIONS SAME DAY WITH PANAM VP ERSKINE
RICE, ONLY TWO POINTS OF DIFFERENCE REMAIN: 1) OMANI INDEMNIFI-
CATION OF PANAM FOR POSSIBLE ACCIDENTS IN AIRPORT, (BELIEVE THIS
CAN BE WORKED OUT WITH CHANGES IN CONTRACT LANGUAGE); AND 2) RAJAB
WANTS PANAM TO UNDERWRITE COSTS OF ALL TRAINING FOR OMANIS ABROAD
AND SAYS HE NEEDS THIS TO SELL PANAM OFFER SULTAN AGAINST
STRONGLY ENTRENCHED COMPETITORS.

3. IF RAJAB'S REQUEST CAN BE MET, PANAM WILL DISPLACE BRITISH
INTERNATIONAL AERORADIO PLUS CONSORTIUM OF LOCAL BUSINESSMEN
AND BRITISH INTERESTS CALLED OMAN INTERNATIONAL SERVICES.
AERORADIO AND OTHER BRITISH BIDDERS WERE SIGNIFICANTLY LOWER
IN PRICE THAN PANAM AND, ACCORDING TO RAJAB, WERE SUPPORTED
BY BRITISH GOVERNMENT-PAID CIVIL AIR ADVISER TO OMAN. FIRST
YEAR CONTRACT PRICE WOULD BE US \$835,000 BUT PRICE WOULD UNDOUBTEDLY
RISE IN FOLLOWING YEARS. PANAM OPERATION WOULD OFFER POTENTIAL
FURTHER US SALES IN COMMUNICATIONS FIELD IN OMAN, APART FROM
BEING PANAM'S FIRST ENTRY INTO VERY LARGE LUCRATIVE GULF MARKET.

4. INITIAL CONTRACT IS FOR ONE YEAR. OUR OFFER NEED ONLY BE FOR
QUALIFIED OMANIS FOUND DURING THAT PERIOD. EMBASSY, PANAM REPS,
AND MINCOMMUNICATIONS RAJAB ALL AGREE THAT IT IS HIGHLY UNLIKELY
THAT MORE THAN TWO OR THREE QUALIFIED CANDIDATES WILL BE FOUND IN
THIS PERIOD.

5. AS DEPARTMENT IS AWARE, RAJAB ALSO FAVORS NEW ORLEANS FOR
PORT QABOOS MANAGEMENT AND HAS RECENTLY INDICATED HE IS CLOSE TO
WINNING SULTAN'S FINAL AGREEMENT ON THIS. RAJAB HAS NOT LINKED
TWO PROPOSALS IN ANY WAY, BUT EMBASSY MOST ANXIOUS TO CLEAR THE
DECKS OF ELANAM CONTRACT SO THAT WE CAN TAKE UP PORT QABOOS
MANAGEMENT CONTRACT -- WHICH OFFERS FUTURE SALES POTENTIAL IN OMAN
EVEN GREATER THAN AIRPORT CONTRACT. I HOPE TO DISCUSS THIS
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PERSONALLY WITH SULTAN IN NEXT TWO WEEKS.

6. AMBASSADOR'S COMMENT: I STRONGLY ENDORSE THIS OMANI REQUEST
FOR TRAINING AS BEING CLEARLY CONSONANT WITH US OBJECTIVES IN OMAN
WHICH INCLUDE AMERICAN PARTICIPATION IN UPGRADING THE SKILLS
OF OMANI MANPOWER AND INCREASING US COMMERCIAL TRADE OPPORTUNITIES.
STOLTZFUS

NOTE BY OC/T: REFTTEL BELIEVED TO BE INCORRECT.

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